



PUBLIC MEETING

Utah Committee of Consumer Services

Utah Department of Commerce
December 12, 2007



Welcome & Business



Public Comment



Case Updates

Michele Beck



Case Updates

Recent Activity

- PSC approved continuation of the CET tariff for remainder of pilot program
 - Kept caps in place
 - Ordered a rate case by March 1, 2008
- Utah Supreme Court upheld PSC ruling on CO2 case



Case Updates

Cases awaiting Commission Action

- Questar IRP
 - Comments filed September 4th
- PacifiCorp IRP
 - Comments filed August 31st
 - PacifiCorp response filed October 17th
 - Staff considering a request for hearing
- Deferred Accounting
 - Hearing held October 30th



Case Updates

Upcoming Major Cases

- Questar General Rate Case
 - Expected to be filed in about a week
- RMP General Rate Case
 - Expected to be filed approximately Monday
- RMP RFP for new Generating Resources
 - New RFP expected to be filed in January for resources incremental to those chosen from current RFP



Rocky Mountain Power RFP for 2012 Resources

Michele Beck



RMP RFP for 2012 Resources

Current RFP: Request to Amend

- RMP filed a request to amend its existing RFP for new generating resources to be online in 2012 and 2014
- Proposed amendments include:
 - Permitting existing and new bidders to refresh and modify bids
 - Modify procedure for bidders to provide their qualifications
 - Updated Company benchmark of a resource at Lake Side and/or Currant Creek



RMP RFP for 2012 Resources

Supporting reasons for request to amend

- “furtherance of intent to ensure the solicitation is fair, reasonable, and in public interest.”
- “further the likelihood of acquiring, producing and delivering low risk and reliable electricity at the lowest reasonable cost to retail customers.”
- “effort to increase the pool of bidders.”
- “provide a more robust selection of available resources.”
- “better ensure that the retail customers have the appropriate level of resources available to cost-effectively serve load in the time frame required.”
- “ensure that there is a resource hedge for customers and shareholders if bidders provide resource prices that exceed cost based resources.”



RMP RFP for 2012 Resources

Withdrawal of Request to Amend RFP

- Filing summarized original reasons for request to amend, including benchmark issues
 - IPP 3 not viable b/c of dispute
 - Bridger IGCC not viable b/c of federal funding
 - Bridger 5 not viable b/c of carbon risk
- Coal not excluded from 20 year future, but essentially excluded from 10 year future
- Concerns remain about whether RFP meets merger commitments and public interest criteria



RMP RFP for 2012 Resources

Withdrawal of Request to Amend RFP

- Filing indicated that the Company withdrew request to amend due to overwhelming opposition
 - DPU and UAE supported the withdrawal
 - CCS did not oppose, maintained express right to challenge pre-approval of any resource chosen from existing process
- Filing also indicated that the Company will proceed with current RFP and now evaluate all bids

RMP RFP for 2012 Resources

Ongoing Resource Needs

- Even with best case outcome of current RFP, resource needs exist in 2012 – 2017
 - No bids addressed 2013-2014
 - Incremental needs beyond 2012 bids
- Company will issue new system-wide, all-source RFP
 - With exception of renewable resources which will be subject of separate RFP issued later



RMP RFP for 2012 Resources

Recent News Articles

- Long-term plan (IRP) hasn't changed
- Benchmarks deemed nonviable; no approved coal plants were canceled
- Plans for additional wind, while significant, have not increased
- Plans for future gas plants dependent on outcome of RFP
- Lead times for new coal or new nuclear are at least 10 years



RMP RFP for 2012 Resources

Staff Concerns About Resource Acquisition

- Unrealistic timeline associated with previous benchmark resources
- Weak ties to integrated planning process
 - Questions whether any resource could be shown to meet least cost, least risk standard
- RFP process problems
 - Timeline
 - Inherent problems with all-source bids
- Unresolved issues with underlying evaluation process (i.e. IRP modeling)



RMP RFP for 2012 Resources

Next Steps

- Evaluation on existing RFP underway
 - Staff will review next milestone when filed
- PacifiCorp will file next RFP in January
- CCS will file request for hearing on IRP to try and resolve modeling (used in RFP evaluation) and other issues
- CCS staff will pursue efforts to improve process



Technical and Economic Resource Potential for Renewables in Utah

Phil Powlick, Utah State Energy



Rocky Mountain Power Depreciation Case

Dan Gimble

RMP Depreciation Case

Background Information

- Aug. 31, 2007 - RMP filed for an annual decrease to depreciation expense of \$10 million, on a Utah basis.
- Two key issues:
 - Increase avg. life span of coal generation fleet from 46 to 64 yrs (\$20 M annual reduction for Utah)
 - Increase negative net salvage value for distribution plant (\$11.8 M annual increase in Utah)
- Other issues involved important policy shifts, some of which may have large monetary impacts in the future.



RMP Depreciation Case

Committee Testimony and Recommendations

- **Supported** the increase in the average life span of coal plants from 46 to 64 years; also recommended that life spans for gas CTs and CCCTs be increased from 25 to 30 years and 35 to 40 years, respectively.
- **Supported** establishing a hydro plant decommissioning reserve.
- **Opposed** an increase in coal plant demolition costs from \$25 to \$50/kW; recommended keeping costs at \$25/kW
- **Opposed** the inclusion of capital upgrades in depreciation rates based on a 5-year forecast.
- **Opposed** increases in negative net salvage values primarily associated with distribution plant accounts.



RMP Depreciation Case

Summary of Committee's Position

- On a Utah basis, RMP's depreciation expense should be reduced by \$37 M (an additional \$27 M decrease + the \$10 M decrease proposed by RMP).
- The \$27 M difference includes:
 - \$ 5 M generation
 - \$ 5 M transmission
 - \$17 M distribution and general plant



RMP Depreciation Case

Summary of Division's Position

- On a Utah basis, RMP's depreciation expense should be reduced by \$39.4 M (\$2.4 M higher than Committee's position).



RMP Depreciation Case

Settlement Negotiations

- For the past few weeks, parties have been engaged in a series of discussions on key issues.
- These discussions culminated in a proposed settlement for the Utah jurisdiction addressing all major issues.
- The major features of that settlement will be set forth in the closed meeting.



RMP Depreciation Case

Case Schedule

- December 21, 2007 – Surrebuttal testimony due, if necessary
- January 15-17, 2008 – Hearings



Closed Session

Pursuant to Utah Statute, Section 52-4-205
(1) (c); strategy session to discuss pending
or reasonably imminent litigation



Other Business/Adjourn
